

**ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WEBSTER CITY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

**CITY OF WEBSTER CITY, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015
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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Members of City Council
City of Webster City
Webster City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Webster City, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of

the City of Webster City as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the City of Webster City adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 11 and 59 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information included on pages 71 through 88 is presented for purposes of additional analysis and is not a required part of the financial statements.

The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 26, 2015, on our consideration of the City of Webster City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Webster City's internal control over financial reporting and compliance.

Williams & Company P.C.
Certified Public Accountants

Le Mars, Iowa
December 26, 2015

CITY OF WEBSTER CITY
Management Discussion and Analysis
For the year ending June 30, 2015

As management of the City of Webster City, we offer readers of the City of Webster City's financial statements this narrative overview and analysis of the financial activities of the City of Webster City for the fiscal year ending June 30, 2015. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained here will provide information on both the governmental operations and the business type activities of the City.

Financial Highlights

- The City began accepting on-line payments for utility bills as well as the ability to view their bills and sign up for paperless invoicing.
- The City changed banks resulting in reduced service fees and increased interest earned by opening a money market through ICS which not only earned a higher interest rate than the previous checking but offered the same liquidity that a checking account would.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Webster City's basic financial statements. The City of Webster City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Webster City's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the City of Webster City's position and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the City of Webster City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving the rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Webster City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Webster City include public safety, public works, health and social services, culture and recreation, community and economic development and general government. The business-

type activities of the City of Webster City include the operation of electric, water, and sewer utilities.

The government-wide financial statements include not only the City of Webster City itself (known as the primary government), but also a legally separate airport authority for which the City of Webster City is financially accountable and a trust known as the Fred Fuller Trust that was created for the sole benefit of the City. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The Electric, Water, and Sewer utilities function as departments of the City of Webster City, and therefore have been included as an integral part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Webster City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the City of Webster City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Webster City maintains 41 individual governmental funds. Information presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, of which all are considered to be major funds. Data from the other 39 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Webster City adopts an annual combined budget for all of its funds except private purpose trust funds and internal service funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Proprietary Funds: The City of Webster City maintains different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Webster City uses enterprise funds to account for its Electric, Water, and Sewer utilities. Internal service funds are an accounting

device used to accumulate and allocate costs internally among the City of Webster City's various functions. The City of Webster City uses an internal service fund to account for self-insured dental/vision insurance. The internal service fund will be found in the governmental activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer utilities, all of which are considered major funds of the City of Webster City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Webster City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

The largest portion of the City of Webster City's net position (69%) reflects its investment in capital assets (e.g. Land, Construction in progress, Land improvements, Structures and Improvements, Machinery and equipment, and Infrastructure) less any related debt used to acquire those assets that is still outstanding. The City of Webster City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Webster City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Webster City's Net Position

	Governmental Activities		Business-type Activities		Total		Component Units	
	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15
	(not restated)		(not restated)		(not restated)		(not restated)	
Current and other assets	\$ 11,388,650	\$ 12,939,271	\$ 25,742,803	\$ 20,271,601	\$ 37,129,453	\$ 33,210,872	\$ 3,534,846	\$ 3,413,598
Capital Assets,								
net of depreciation	28,071,103	27,761,194	30,637,619	36,352,028	58,708,722	64,113,222	29,820	-
Total Assets	39,457,753	40,700,465	56,380,422	56,623,629	95,838,175	97,324,094	3,564,666	3,413,598
Deferred Outflows of Resources	-	369,490	-	147,478	-	516,968	-	-
Current and other liabilities	605,734	904,261	1,384,441	1,500,124	1,990,175	2,404,385	98,167	51,127
Non-current liabilities	4,115,820	5,282,974	19,486,145	19,476,444	23,601,965	24,759,418	-	-
Total Liabilities	4,721,554	6,187,235	20,870,586	20,976,568	25,592,140	27,163,803	98,167	51,127
Deferred Inflows of Resources	3,694,370	4,284,163	-	366,312	3,694,370	4,850,475	56,435	53,932
Net Position:								
Investment in Capital Assets	24,249,418	24,494,102	17,797,044	19,638,889	42,046,462	44,132,991	29,820	-
Restricted	2,622,510	2,785,374	558,272	540,900	3,180,782	3,326,274	-	-
Unrestricted	4,169,901	3,319,081	17,154,520	15,248,438	21,324,421	18,567,519	3,380,244	3,308,539
Total net position	\$ 31,041,829	\$ 30,598,557	\$ 35,509,836	\$ 35,428,227	\$ 66,551,665	\$ 66,028,784	\$ 3,410,064	\$ 3,308,539

An additional portion of the City of Webster City's net assets 5% represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net position (\$18,567,519) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Webster City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate business-type activities.

Statement of Activities. The government's net position increased by \$2,979,617 during the fiscal year. Net position in the governmental activities increased by \$1,808,405. The key element in the governmental activity increase is a result of the conservative budgeting and the close monitoring of the expenditures and receipt of airport construction projects grants to ensure that the city maintain a strong financial position. Net position in the business type activities increased by \$1,171,212.

	City of Webster City's Changes in Net Position							
	Governmental Activities		Business Type Activities		Total		Component Units	
	6/30/2014 (not restated)	6/30/2015	6/30/2014 (not restated)	6/30/2015	6/30/2014 (not restated)	6/30/2015	6/30/2014 (not restated)	6/30/2015
Revenues								
Program Revenues:								
Charges for Services	\$ 744,841	\$ 769,522	\$ 15,878,434	\$ 15,138,698	\$ 16,623,275	\$ 15,908,220	\$ 66,292	\$ 64,205
Operating Grants & Contributions	860,118	932,302	-	26,656	860,118	958,958	57,150	61,077
Capital Grants & Contributions	-	150,000	-	-	-	150,000	27,122	28,816
General Revenues:								
Property Taxes	3,553,874	3,727,885	-	-	3,553,874	3,727,885	57,841	55,748
Other Taxes	867,757	866,119	-	-	867,757	866,119	-	-
Other	393,137	464,440	228,028	117,655	621,165	582,095	464,866	74,123
Total Revenues	6,419,727	6,910,268	16,106,462	15,283,009	22,526,189	22,193,277	673,271	283,969
Expenses:								
Public Safety	2,136,353	1,859,784	-	-	2,136,353	1,859,784	-	-
Public Works	1,934,359	1,826,893	-	-	1,934,359	1,826,893	-	-
Health & Social Services	35,499	35,749	-	-	35,499	35,749	-	-
Culture & Recreation	1,311,945	1,254,666	-	-	1,311,945	1,254,666	-	-
Community & Economic Development	328,595	313,960	-	-	328,595	313,960	-	-
General Government	204,352	233,321	-	-	204,352	233,321	-	-
Interest & Fiscal Charges	149,501	122,977	-	-	149,501	122,977	-	-
Water Utility	-	-	1,532,591	1,625,291	1,532,591	1,625,291	-	-
Sewer Utility	-	-	1,322,323	1,233,758	1,322,323	1,233,758	-	-
Electric Utility	-	-	10,907,481	10,707,261	10,907,481	10,707,261	-	-
Component Units	-	-	-	-	-	-	395,972	385,494
Total Expenses	6,100,604	5,647,350	13,762,395	13,566,310	19,862,999	19,213,660	395,972	385,494
Increase in Position Before Transfers	319,123	1,262,918	2,344,067	1,716,699	2,663,190	2,979,617	277,299	(101,525)
Transfers	540,183	545,487	(540,183)	(545,487)	-	-	-	-
Increase in Net Position	859,306	1,808,405	1,803,884	1,171,212	2,663,190	2,979,617	277,299	(101,525)
Net Position – Beginning (Restated)	30,182,523	28,790,152	33,705,952	34,257,015	63,888,475	63,047,167	3,132,765	3,410,064
Ending Net Position	\$ 31,041,829	\$ 30,598,557	\$ 35,509,836	\$ 35,428,227	\$ 66,551,665	\$ 66,026,784	\$ 3,410,064	\$ 3,308,539

Governmental Activities. Governmental activities increased the City of Webster City's net position by \$1,808,405, thereby accounting for 61% of the total addition in the net position of the City of Webster City. Key elements of this increase were as follows:

Revenues and expenses varied from year to year for both the governmental and business type activities.

- Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements. Some examples of these items are as follows:
 - Purchase of equipment such as police cars.
 - The completion of various Street Improvement Projects.

The main sources of revenue for the governmental activities are from property taxes, other taxes (including local options sales tax), and grants and contributions. The City of Webster City received \$3,727,885 in property tax revenue, \$866,119 in other taxes, \$932,302 in operating grants and contributions, and \$150,000 in capital grants and contributions.

Business-type Activities. The net position of the business-type activities of the City of Webster City increased by \$1,171,212.

The goal of the City of Webster City is to have the revenues exceed the expenses in the Business-type activities. This goal was obtained for all utilities for the year ending June 30, 2015.

The electric utility is the main function of the City of Webster City Business-type Activities making up 76% of the total revenue. Since most sewer utility usage is based on a per unit water usage, with the exception of industrial sewer, the revenues for these two functions should remain close. Rates are monitored in each of these utilities on an on-going basis to maintain their financial stability.

Financial Analysis of the Government's Funds

As noted earlier, the City of Webster City uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Webster City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Webster City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Webster City's governmental funds reported combined ending fund balances of \$7,873,528; with the prior year being \$6,532,558, the increase for this year was \$1,340,970. \$455,104 is nonspendable, \$2,310,612 is restricted, \$1,509,345 is committed, \$729,706 is assigned and \$2,868,761 is unassigned.

Revenues from the City's governmental funds totaled \$6,669,178 with taxes accounting for \$3,844,060 of that amount. Intergovernmental activities, including state and federal grants, represented another \$1,741,700 of the total governmental revenues.

Total expenditures for the governmental funds were \$6,063,476. The six main activities that make up these expenditures are public works \$1,221,779, public safety \$1,939,977, culture and recreation \$1,070,190, community and economic development \$343,054, capital projects \$552,883 and debt service \$678,823.

The general fund is the chief operating fund of the City of Webster City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,691,858. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance to the total fund expenditures. Unassigned fund balance represents 99% of the total general fund expenditures.

The fund balance of the City of Webster City's general fund increased by \$589,635 during the current fiscal year, due primarily to transfers in from utility funds.

The debt service fund ended the year with a \$140,987 fund balance. The City intends to reduce this fund balance by reducing future tax levies.

Proprietary Funds. The City of Webster City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the electric utility totaled \$18,396,086, the water utility totaled \$10,847,940, and the sewer utility totaled \$6,184,201. The total change in net position for these three funds was \$444,403, \$188,920, and \$537,889 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Webster City's business-type activities.

Governmental and Proprietary Funds Budgetary Highlights

The City amended their budget one time during fiscal year 2015.

Capital Asset and Debt Administration

Capital Assets. The City of Webster City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$64,113,222 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, infrastructure.

Major capital assets events during the current fiscal year included the following:

- The completion of various Street Improvement Projects.
- The continuation of the Neal #4 generating plant upgrades.
- The continuation of the booster station water main replacement .
- The purchase of a new Chevy Tahoe for the police department.
- The contribution of airport equipment.

	City of Webster City's Capital Assets (Net of Depreciation)							
	Governmental Activities		Business Type Activities		Total		Component Units	
	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015
Land	\$ 4,542,508	\$ 4,542,508	\$ 524,223	\$ 524,223	\$ 5,066,731	\$ 5,066,731	\$ -	\$ -
Structures & Improvements	4,045,154	4,216,571	1,956,098	1,973,989	6,001,252	6,190,560	29,820	-
Improvements Other Than Structures	17,121,779	16,389,209	25,968,479	29,534,779	43,090,258	45,923,988	-	-
Machinery & Equipment	2,248,286	2,267,097	1,539,265	2,420,331	3,787,551	4,687,428	-	-
Construction in Progress	113,376	345,809	649,554	1,898,706	762,930	2,244,515	-	-
Total	\$ 28,071,103	\$ 27,761,194	\$ 30,637,619	\$ 36,352,028	\$ 58,708,722	\$ 64,113,222	\$ 29,820	\$ -

Long-term debt. At the end of the current fiscal year, the City of Webster City had total bonded debt outstanding of \$21,534,776. Of this amount, \$1,295,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Webster City's debt represents bonds secured solely by specified revenue source (i.e. revenue bonds).

Total outstanding liabilities includes an estimated liability for compensated absences, other post employment benefits and net pension liability. The total estimate for compensated absences is \$486,756 with \$288,923 being for governmental activities and \$197,833 being for business-type activities.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	6/30/14	6/30/15	6/30/14	6/30/15	6/30/14	6/30/15
General Obligation Bonds	\$ 1,805,000	\$ 1,295,000	\$ 70,000	\$ -	\$ 1,875,000	\$ 1,295,000
Revenue Bonds	2,001,445	1,958,757	19,283,686	18,218,019	21,285,131	20,239,776
Total	\$ 3,806,445	\$ 3,253,757	\$ 19,353,686	\$ 18,281,019	\$ 23,160,131	\$ 21,534,776

The City of Webster City's total long-term liabilities increased by \$1,085,839 (including notes payable and compensated absences) during the fiscal year. The reason for the increase is due to the implementation of a new governmental accounting standard which caused Webster City to record a net pension liability totaling \$2,640,277.

State statutes limit the amount of general obligation debt, including tax increment financing. A government entity may issue to 5% of its total assessed valuation. The current debt limit for the City of Webster City is \$20,664,577. With the General Obligation Debt being \$1,295,000 and the Tax Increment Debt being \$1,958,757, the City of Webster City is at 16% of the debt limit.

Economic Factors and Next Year's Budgets and Rates

- In 2015/16, Webster City will experience an even larger impact from Electrolux by virtue of the factory being torn down. With that loss of assessed value, the City has lost about \$170,000 to \$200,000 a year in General Fund revenue. It appears that some of this loss will be mitigated by a general increase in assessed value of other properties in the City.
- The remainder of the loss to the General Fund is proposed to be addressed by a slight increase in the amount of water, sewer and electric funds transferred to the General Fund each year in what can be considered as either a "payment in lieu of taxes" or a franchise fee. It is anticipated that this will increase this year from 5% to 5.25%.
- City contribution rates for Municipal Police and Fire Retirement System of Iowa increased from 30.12% in FY14 to 30.41% in FY15 but will then decrease to 27.77% for FY16.
- City contribution rates for Iowa Public Employees Retirement System of Iowa will remain the same at 8.93% in the regular class and 10.14% in the protection class in the FY15. The rate will decrease to 9.84% for FY16.
- The local option sales tax money is used by the City for infrastructure improvements which have included the water and sewer distribution as well as the paving of the roads. The water fund will now be used to pay for the water distribution portions of the Annual Street Improvement Project as well as other water distribution projects throughout the City.
- The City continues to work hard to bring new businesses and jobs to our community as well as help existing businesses grow and expand. We are seeing positive results from these efforts.

- We have seen an increase in building permits in the last two years due to expansions and new building construction to include Maharry Family Dentistry, Thrifty White Drugstore, Van Diest Medical Clinic, Shopko and WCF Financial Bank.
- The Unemployment rate in Webster City is shown as 3.8% as of October 2015. The rate had been 12.1% in 2011 but has gradually reduced over the past 4 years according to homefacts.com. Webster City currently has over 100 available jobs in the immediate area.

These factors, if known, were considered in doing the City of Webster City 2015/2016 Budget.

Request for Information

This financial report is designed to provide a general overview of the City of Webster City's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report or requests for additional financial information, please feel free to contact the City of Webster City, Finance Director, 400 Second Street, PO Box 217, Webster City, IA 50595.

CITY OF WEBSTER CITY, IOWA
STATEMENT OF NET POSITION
June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Webster City Airport Commission	Fuller Trust
ASSETS					
Cash and Cash Equivalents	\$ 7,095,295	\$ 9,402,911	\$16,498,206	\$ 305,858	\$ 33,240
Investments	1,600,000	3,400,000	5,000,000	-	3,003,219
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	71,016	1,162,636	1,233,652	1,665	200
Taxes	23,722	-	23,722	392	-
Subsequent Year Taxes	3,534,969	-	3,534,969	53,932	-
Accrued Interest	7,608	10,552	18,160	-	-
Notes Receivable	161,383	1,265,038	1,426,421	-	-
Internal Balances	(164,255)	164,255	-	-	-
Due from Other Governmental Agencies	182,765	-	182,765	15,092	-
Inventories	95,876	907,007	1,002,883	-	-
Prepaid Assets	154,107	94,775	248,882	-	-
Land Held for Resale	176,785	1,603,852	1,780,637	-	-
Restricted Assets:					
Cash and Cash Equivalents	-	550,644	550,644	-	-
Investments	-	1,582,518	1,582,518	-	-
Accrued Interest Receivable	-	127,413	127,413	-	-
Land	4,542,508	524,223	5,066,731	-	-
Construction in Progress	345,809	1,898,706	2,244,515	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	22,872,877	33,929,099	56,801,976	-	-
Total Assets	40,700,465	56,623,629	97,324,094	376,939	3,036,659
Deferred Outflows of Resources					
Pension related deferred outflows	369,490	147,478	516,968	-	-
LIABILITIES					
Accounts Payable	677,958	1,110,337	1,788,295	10,041	-
Accrued Wages	115,987	8,445	124,432	-	-
Other Accrued Expenses	87,012	3,810	90,822	-	-
Customer Deposits	-	247,585	247,585	-	-
Due to Other Governments	-	-	-	41,086	-
Claims Incurred But Not Reported	14,000	-	14,000	-	-
Accrued Interest Payable	9,304	-	9,304	-	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	129,947	129,947	-	-
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	795,000	795,000	-	-
General Obligation Bonds	460,000	-	460,000	-	-
Compensated Absences and Benefits	146,748	100,765	247,513	-	-
Due in more than one year:					
Revenue Bonds Payable	1,958,757	17,500,657	19,459,414	-	-
General Obligation Bonds	848,335	-	848,335	-	-
Other Post Employment Benefits	38,801	30,885	69,686	-	-
Compensated Absences and Benefits	142,175	97,068	239,243	-	-
Net pension liability	1,688,158	952,069	2,640,227	-	-
Total Liabilities	6,187,235	20,976,568	27,163,803	51,127	-
Deferred Inflows of Resources					
Unavailable Revenue - Subsequent Year Property Taxes	3,534,969	-	3,534,969	53,932	-
Pension related deferred inflows	749,194	366,312	1,115,506	-	-
Total Deferred Inflows of Resources	4,284,163	366,312	4,650,475	-	-
NET POSITION					
Net Investment in Capital Assets	24,494,102	19,638,889	44,132,991	-	-
Restricted for:					
Debt Service	142,240	540,900	683,140	-	-
Specific Tax Levies	365,888	-	365,888	-	-
Streets	1,803,737	-	1,803,737	-	-
Economic Development Activities	52,203	-	52,203	-	-
Endowments:					
Nonexpendable	421,306	-	421,306	-	-
Unrestricted	3,319,081	15,248,438	18,567,519	271,880	3,036,659
Total Net Position	\$ 30,598,557	\$ 35,428,227	\$66,026,784	\$ 271,880	\$3,036,659

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,859,784	\$ 19,327	\$ 33,102	\$ -
Public Works	1,826,893	275,453	881,028	-
Health and Social Services	35,749	-	-	-
Culture and Recreation	1,254,666	340,652	18,172	-
Community and Economic Development	313,960	47,525	-	150,000
General Government	233,321	86,565	-	-
Debt Service	122,977	-	-	-
Total governmental activities	<u>5,647,350</u>	<u>769,522</u>	<u>932,302</u>	<u>150,000</u>
Business-Type Activities:				
Water System	1,625,291	1,806,615	-	-
Sewer System	1,233,758	1,776,887	26,656	-
Electric System	10,707,261	11,555,196	-	-
Total Business-Type Activities:	<u>13,566,310</u>	<u>15,138,698</u>	<u>26,656</u>	<u>-</u>
Total Primary Government	<u>\$ 19,213,660</u>	<u>\$ 15,908,220</u>	<u>\$ 958,958</u>	<u>\$ 150,000</u>
Component Unit:				
Webster City Airport Commission	<u>\$ 105,127</u>	<u>\$ 59,505</u>	<u>\$ 51,377</u>	<u>\$ 28,816</u>
Fuller Trust	<u>\$ 280,367</u>	<u>\$ 4,700</u>	<u>\$ 9,700</u>	<u>\$ -</u>

General Revenues:
Property Taxes
Local Option Sales Tax
Hotel/Motel Taxes
Interest and Investment Gains and Losses
Miscellaneous
Interfund Transfers
Total general revenues and transfers
Change in net position
Net Position - beginning
Prior Period Adjustment
Net Position - beginning, as restated
Net Position- ending

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Webster City Airport Commission	Fuller Trust
\$ (1,807,355)		\$ (1,807,355)		
(670,412)		(670,412)		
(35,749)		(35,749)		
(895,842)		(895,842)		
(116,435)		(116,435)		
(146,756)		(146,756)		
(122,977)		(122,977)		
<u>(3,795,526)</u>		<u>(3,795,526)</u>		
	\$ 181,324	181,324		
	569,785	569,785		
	<u>847,935</u>	<u>847,935</u>		
	<u>1,599,044</u>	<u>1,599,044</u>		
<u>(3,795,526)</u>	<u>1,599,044</u>	<u>(2,196,482)</u>		
			\$ 34,571	\$ (265,967)
3,727,885	-	3,727,885	55,748	-
748,791	-	748,791	-	-
117,328	-	117,328	-	-
23,945	107,191	131,136	475	70,244
440,495	10,464	450,959	3,404	-
545,487	(545,487)	-	-	-
<u>5,603,931</u>	<u>(427,832)</u>	<u>5,176,099</u>	<u>59,627</u>	<u>70,244</u>
1,808,405	1,171,212	2,979,617	94,198	(195,723)
31,041,809	35,509,836	66,551,645	177,682	3,232,382
<u>(2,251,657)</u>	<u>(1,252,821)</u>	<u>(3,504,478)</u>	<u>-</u>	<u>-</u>
<u>28,790,152</u>	<u>34,257,015</u>	<u>63,047,167</u>	<u>177,682</u>	<u>3,232,382</u>
<u>\$ 30,598,557</u>	<u>\$ 35,428,227</u>	<u>\$ 66,026,784</u>	<u>\$ 271,880</u>	<u>\$ 3,036,659</u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
BALANCE SHEET
Governmental Funds
June 30, 2015

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 2,187,832	\$ 137,240	\$ 4,421,890	\$ 6,746,962
Investments	1,100,000	-	500,000	1,600,000
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	60,700	-	10,316	71,016
Taxes	12,781	3,747	7,194	23,722
Subsequent Year Taxes	1,769,113	495,297	1,270,559	3,534,969
Accrued Interest	4,035	-	3,573	7,608
Notes Receivable	41,086	-	120,297	161,383
Due from Other Funds	645,104	-	138,592	783,696
Due from Other Governmental Agencies	39,395	-	143,370	182,765
Inventories	24,523	-	71,353	95,876
Prepaid Assets	9,275	-	-	9,275
Total Assets	5,893,844	636,284	6,687,144	13,217,272
Liabilities				
Accounts Payable	127,583	-	375,721	503,304
Accrued Wages	114,935	-	1,052	115,987
Other Accrued Expenses	86,947	-	65	87,012
Due to Other Funds	35,710	-	912,241	947,951
Total Liabilities	365,175	-	1,289,079	1,654,254
Deferred Inflows of Resources				
Unavailable Revenue - Subsequent Year Property Taxes	1,769,113	495,297	1,270,559	3,534,969
Unavailable Revenue - Other	33,900	-	120,621	154,521
Total Deferred Inflows of Resources	1,803,013	495,297	1,391,180	3,689,490
Fund Balances				
Non-Spendable:				
Inventories	24,523	-	-	24,523
Prepaid Expenses	9,275	-	-	9,275
Permanent Fund	-	-	421,306	421,306
Restricted:				
Specific Tax Levy	-	140,987	365,888	506,875
Streets	-	-	1,803,737	1,803,737
Committed:				
Police Activities	-	-	4,968	4,968
Economic Development Activities	-	-	1,495,248	1,495,248
Community Development Activities	-	-	9,129	9,129
Assigned:				
Capital Projects	-	-	729,706	729,706
Unassigned	3,691,858	-	(823,097)	2,868,761
Total Fund Balances	3,725,656	140,987	4,006,885	7,873,528
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,893,844	\$ 636,284	\$ 6,687,144	\$ 13,217,272

CITY OF WEBSTER CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 15)	\$ 7,873,528
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Infrastructure, property, equipment and land held for resale used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,937,979
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Internal service funds are used by management to fund and maintain the City's medical/flex costs provided to user departments and are included in the statement of net position.	120,878
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Assets such as notes receivables and property taxes are not available to pay for current period expenditures and therefore are deferred in the funds.	154,521
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Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.	144,832
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Accrued interest expense from the balance sheet that require current financial resources from governmental activities.	(9,304)
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Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 369,490	
Deferred inflows of resources	<u>(749,194)</u>	(379,704)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	\$ (1,308,335)	
Revenue Bonds	(1,958,757)	
Compensated Absences	(288,923)	
Net Pension Liabilities	<u>(1,688,158)</u>	(5,244,173)

Total Net Position - Governmental Activities (page 12)	<u><u>\$ 30,598,557</u></u>
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CITY OF WEBSTER CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2015

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenue:				
Taxes	\$ 1,955,026	\$ 557,637	\$ 1,331,397	\$ 3,844,060
Licenses and Permits	108,202	-	-	108,202
Intergovernmental Revenue	76,855	11,838	1,653,007	1,741,700
Charges for Services	469,733	-	-	469,733
Fines and Forfeits	9,420	-	-	9,420
Contributions	11,856	-	3,603	15,459
Refunds/Reimbursements	45,565	132,027	9,000	186,592
Revenue from Use of Property	169,258	-	-	169,258
Interest on Investments	13,935	635	9,372	23,942
Miscellaneous	36,181	-	64,631	100,812
Total Revenue	2,896,031	702,137	3,071,010	6,669,178
Expenditures:				
Public Safety	1,328,542	-	611,435	1,939,977
Public Works	588,002	-	633,777	1,221,779
Health and Social Services	35,749	-	-	35,749
Culture and Recreation	914,746	-	155,444	1,070,190
Community and Economic Development	114,073	-	228,981	343,054
General Government	147,537	-	73,484	221,021
Capital Projects	-	-	552,883	552,883
Debt Service	-	678,823	-	678,823
Total Expenditures	3,128,649	678,823	2,256,004	6,063,476
Excess (deficiency) of revenues over expenditures	(232,618)	23,314	815,006	605,702
Other financing sources (uses):				
Proceeds from Sale of Capital Equipment	46,581	-	-	46,581
Transfers In	775,672	-	1,123,993	1,899,665
Transfers Out	-	-	(1,210,978)	(1,210,978)
Total other financing sources (uses)	822,253	-	(86,985)	735,268
Net Change in Fund Balance	589,635	23,314	728,021	1,340,970
Fund balances - beginning of year	3,136,021	117,673	3,278,864	6,532,558
Fund balances - end of year	\$ 3,725,656	\$ 140,987	\$ 4,006,885	\$ 7,873,528

CITY OF WEBSTER CITY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 17)		\$ 1,340,970
Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlays in the current year as follows:		
Expenditures for capital assets	\$ 540,098	
Depreciation expense	(964,526)	(424,428)
Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the disposal of capital assets. This is the effect on the change in net position on the statement of activities.		(6,752)
Capital Contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.		150,000
The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources.		977
Governmental funds report economic development notes receivable and property taxes as revenue when it becomes available, but the statement of activities includes these assets as revenue when originally issued.		(805)
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		1,253
Governmental funds do not reflect the change in accrued compensated absences as it does not consume current financial resources. The Statement of Activities reflects the change in accrued compensated absences through expenditures.		(36,492)
Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net position. The net revenue of the internal service funds is reported with governmental activities.		45,294
The current year City employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.		-
Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		183,795
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amount by which payments exceeded proceeds in the current year is as follows:		
Premium on debt issuance	1,905	
Repayments of long-term debt	552,688	554,593
Change in net position of governmental activities (page 14)		\$ 1,808,405

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF NET POSITION
Proprietary Funds
June 30, 2015

	Business Type Activities				Governmental Activities
	Water System	Sewer System	Electric System	Total	Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 1,215,056	\$ 1,289,091	\$ 6,898,764	\$ 9,402,911	\$ 348,333
Investments	1,400,000	200,000	1,800,000	3,400,000	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	179,302	170,514	812,820	1,162,636	-
Accrued Interest	4,345	621	5,586	10,552	-
Notes Receivable	-	-	1,265,038	1,265,038	-
Due from Other Funds	-	-	164,255	164,255	-
Inventories	110,885	37,615	758,507	907,007	-
Prepaid Assets	28,138	16,383	50,254	94,775	-
Land Held for Resale	-	-	1,603,852	1,603,852	-
Restricted Assets:					
Cash and Cash Equivalents	226,909	323,735	-	550,644	-
Investments	-	-	1,582,518	1,582,518	-
Accrued Interest Receivable	-	-	127,413	127,413	-
Total Current Assets	3,164,635	2,037,959	15,069,007	20,271,601	348,333
Noncurrent Assets					
Land	260,885	38,903	224,435	524,223	-
Construction in Progress	1,658,056	139,619	101,031	1,898,706	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	9,085,319	5,685,784	19,157,996	33,929,099	-
Total Noncurrent Assets	11,004,260	5,864,306	19,483,462	36,352,028	-
Total Assets	14,168,895	7,902,265	34,552,469	56,623,629	348,333
Deferred Outflows of Resources					
Pension related deferred outflows	36,115	32,083	79,280	147,478	-
LIABILITIES					
Current Liabilities					
Accounts Payable	195,191	138,069	777,077	1,110,337	174,654
Accrued Wages	2,113	1,844	4,488	8,445	-
Other Accrued Expenses	220	114	3,476	3,810	-
Customer Deposits	-	-	247,585	247,585	-
Claims Incurred But Not Reported	-	-	-	-	14,000
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	5,592	4,152	120,203	129,947	-
Total Current Liabilities	203,116	144,179	1,152,829	1,500,124	188,654
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	140,000	235,000	420,000	795,000	-
Compensated Absences and Benefits	20,447	21,694	58,624	100,765	-
Due in more than one year:					
Revenue Bonds Payable	2,645,000	1,036,000	13,819,657	17,500,657	-
Other Post Employment Benefits	7,597	6,968	16,322	30,885	38,801
Compensated Absences and Benefits	18,062	19,502	59,504	97,068	-
Net pension liability	233,145	207,117	511,807	952,069	-
Total Noncurrent Liabilities	2,831,106	1,319,162	14,374,107	18,524,375	38,801
Total Liabilities	3,034,222	1,463,341	15,526,936	20,024,499	227,455
Deferred Inflows of Resources					
Pension related deferred inflows	89,703	79,689	196,920	366,312	-
NET POSITION					
Net Investment in Capital Assets	8,219,260	4,593,306	6,826,323	19,638,889	-
Restricted for:					
Debt Service	221,317	319,583	-	540,900	-
Unrestricted	2,407,363	1,271,312	11,569,763	15,248,438	120,878
Total Net Position	\$10,847,940	\$6,184,201	\$18,396,086	\$35,428,227	\$ 120,878

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2015

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,791,569	\$ 1,770,685
Miscellaneous	15,046	6,202
Total Operating Revenue	<u>1,806,615</u>	<u>1,776,887</u>
Operating Expenses:		
General Government		
Operating and Maintenance	1,230,961	893,204
Depreciation	322,429	306,826
Total Operating Expenses	<u>1,553,390</u>	<u>1,200,030</u>
Operating Income (Loss)	253,225	576,857
Non-Operating Income (Expense):		
Interest Income	11,734	3,679
Grant Revenue		26,656
Revenue from Use of Property		
Interest Expense	(71,901)	(33,728)
Total Non-Operating Income (Expenses)	<u>(60,167)</u>	<u>(3,393)</u>
Income (Loss) before Contributions and Transfers	193,058	573,464
Other Financing Sources (Uses)		
Contributed Capital Revenue	91,131	52,069
Transfers (Out)	(95,269)	(87,644)
Total Other Financing Sources (Uses)	<u>(4,138)</u>	<u>(35,575)</u>
Change in Net Position	188,920	537,889
Net Position- Beginning	10,965,813	5,918,856
Prior Period Adjustment	(306,793)	(272,544)
Net Position - Beginning, as Restated	<u>10,659,020</u>	<u>5,646,312</u>
Net Postion - Ending	<u>\$ 10,847,940</u>	<u>\$ 6,184,201</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities
Electric System	Total	Internal Service
\$ 10,132,221	\$ 13,694,475	\$ -
1,422,975	1,444,223	45,294
11,555,196	15,138,698	45,294
9,327,141	11,451,306	-
657,938	1,287,193	-
9,985,079	12,738,499	-
1,570,117	2,400,199	45,294
91,778	107,191	-
	26,656	-
10,464	10,464	-
(722,182)	(827,811)	-
(619,940)	(683,500)	-
950,177	1,716,699	45,294
	143,200	-
(505,774)	(688,687)	-
(505,774)	(545,487)	-
444,403	1,171,212	45,294
18,625,167	35,509,836	75,584
(673,484)	(1,252,821)	-
17,951,683	34,257,015	75,584
\$ 18,396,086	\$ 35,428,227	\$ 120,878

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2015

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,815,822	\$ 1,776,809
Cash Paid to Suppliers for Goods and Services	(699,379)	(327,170)
Cash Paid to Employees for Services	(509,814)	(462,477)
Other Nonoperating Income	-	26,656
Net Cash Provided by Operating Activities	<u>606,629</u>	<u>1,013,818</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,588,634)	(134,162)
Decrease in Notes Receivable		
Principal Paid on Notes and Bonds	(210,000)	(446,000)
Interest Paid on Notes and Bonds	(72,218)	(35,218)
Net Cash (Used) for Capital and Related Financing Activities	<u>(1,870,852)</u>	<u>(615,380)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to Other Funds	(95,269)	(87,644)
Due From (To) Other Funds	-	-
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(95,269)</u>	<u>(87,644)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Land Held for Resale	-	-
Purchase of Investments	(1,250,000)	(200,000)
Interest and Dividends on Investments	8,507	3,058
Net Cash Provided (Used) for Investing Activities	<u>(1,241,493)</u>	<u>(196,942)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,600,985)	113,852
Cash and Cash Equivalents at Beginning of Year	<u>4,042,950</u>	<u>1,498,974</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,441,965</u>	<u>\$ 1,612,826</u>
Cash and Cash Equivalents:		
Unrestricted	\$ 1,215,056	\$ 1,289,091
Restricted	226,909	323,735
	<u>\$ 1,441,965</u>	<u>\$ 1,612,826</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Electric System	Total	Internal Service
\$ 11,630,115	\$ 15,222,746	\$ 63,125
(8,098,454)	(9,125,003)	-
(1,155,183)	(2,127,474)	-
10,464	37,120	-
<u>2,386,942</u>	<u>4,007,389</u>	<u>63,125</u>
(5,135,606)	(6,858,402)	-
5,018,547	5,018,547	-
(416,667)	(1,072,667)	-
(724,283)	(831,719)	-
<u>(1,258,009)</u>	<u>(3,744,241)</u>	<u>-</u>
(505,774)	(688,687)	-
703,737	703,737	-
<u>197,963</u>	<u>15,050</u>	<u>-</u>
(604,852)	(604,852)	-
(454,205)	(1,904,205)	-
83,611	95,176	-
<u>(975,446)</u>	<u>(2,413,881)</u>	<u>-</u>
351,450	(2,135,683)	63,125
6,547,314	12,089,238	285,208
<u>\$ 6,898,764</u>	<u>\$ 9,953,555</u>	<u>\$ 348,333</u>
\$ 6,898,764	\$ 9,402,911	\$ 348,333
	550,644	
<u>\$ 6,898,764</u>	<u>\$ 9,953,555</u>	<u>\$ 348,333</u>

(Continued)

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2015

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	<u>\$ 253,225</u>	<u>\$ 576,857</u>
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	322,429	306,826
Miscellaneous Non-Operating Income	-	26,656
(Increase) Decrease in Assets:		
Accounts Receivable	9,207	(78)
Prepaid Expenses	(3,957)	(2,595)
Inventories	13,782	5,824
Deferred outflows of resources	(1,458)	(1,296)
Increase (Decrease) in Liabilities		
Accounts Payable	36,529	112,534
Accrued Wages	785	584
Other Accruals	(130)	(135)
Accrued Compensated Absences	(9,568)	1,614
Decrease in net pension liability	(108,305)	(96,214)
Increase in deferred inflows of resources	89,703	79,689
Customer Deposits	-	-
Other Post Employment Benefits	4,387	3,552
Total Adjustments	<u>353,404</u>	<u>436,961</u>
Net Cash Provided by Operating Activities	<u>\$ 606,629</u>	<u>\$ 1,013,818</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental
Electric		Activities
Utility	Total	Internal
		Service
\$ 1,570,117	\$ 2,400,199	\$ 45,294
657,938	1,287,193	-
10,464	37,120	-
52,731	61,860	-
(13,047)	(19,599)	-
72,440	92,046	-
(3,201)	(5,955)	-
54,742	203,805	19,734
1,575	2,944	-
(372)	(637)	1,000
(4,061)	(12,015)	-
(237,756)	(442,275)	-
196,920	366,312	-
22,188	22,188	-
6,264	14,203	(2,903)
816,825	1,607,190	17,831
\$ 2,386,942	\$ 4,007,389	\$ 63,125

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
 COMBINED STATEMENT OF FIDUCIARY NET POSTION
 Fiduciary Funds
 June 30, 2015

	Totals
ASSETS	
Cash and Cash Equivalents	\$ 36,020
Total Assets	<u>36,020</u>
NET POSITION	
Unrestricted	36,020
Total Net Position	<u>\$ 36,020</u>

CITY OF WEBSTER CITY, IOWA
 COMBINED STATEMENT OF CHANGES IN NET POSITION
 Fiduciary Funds
 For the Year Ended June 30, 2015

	Totals
Additions	
Interest Income	\$ 60
Miscellaneous	10,711
Total Additions	<u>10,771</u>
Deductions	
Culture and Recreation	76
Changes in Net Position	<u>10,695</u>
Net Position Beginning of Year	<u>25,325</u>
Net Position End of Year	<u><u>\$ 36,020</u></u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Webster City, Iowa is a political subdivision of the State of Iowa located in Hamilton County, and was incorporated in 1874, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Council-Manager form of government with the council members elected on a non-partisan basis and administers the following functions as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also has municipal water, sewer, and electric utility systems, which are governed by the City Council.

The City's financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the City of Webster City, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Webster City, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Units

Webster City Airport Commission

The government-wide financial statements include the Webster City Airport Commission ("airport commission") as a component unit. The airport commission is a legally separate organization. The board of the airport commission is appointed by the Webster City City Council. Iowa Statutes provide for circumstances whereby the City can impose their will on the airport commission. The airport commission can create a potential financial benefit to or burden on the City. As a component unit, the airport commission's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2015. Separate financial statements are not issued for the Webster City Airport Commission.

Fuller Trust

The government-wide financial statements include the Fuller Trust as a component unit.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Fuller Trust is a legally separate organization. The board of Fuller Trust is elected by the general public and can provide a financial benefit or burden to the City. As a component unit, the Fuller Trust's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2015. Separate financial statements are not issued for the Fuller Trust.

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Hamilton County Assessors' Conference Board, Hamilton County Emergency Management Commission, and Hamilton County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax, intergovernmental revenues, and other nonexchange revenues are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's Medical/Flex internal service fund is also classified as a governmental-type activity.

The Statement of Net Position presents the City's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The City first uses restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year activities.

Fund Financial Statements – Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Debt Service Fund - Accounts for the accumulation of resources for and the payment of general obligation debt principal, interest and related costs.

The City reports the following major proprietary (enterprise) funds:

The Water Utility is used to account for the operation and maintenance of the City's water system.

The Sewer Utility is used to account for the operation and maintenance of the City's sewer system.

The Electric Utility is used to account for the operation and maintenance of the City owned electric system.

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Private-purpose trust funds are used to report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Joe E. Barr Trust
Edgar Foster Trust
Calvary Cemetery Trust

Zella Silvers Trust
Mulberry Church Trust

Agency funds are used to account for activity of other organizations where the City is responsible for the accounting.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis. The City's internal service fund is presented in the proprietary fund financial statements.

Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most City funds, including the airport discretely presented component unit, are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Investments consist of the following:

<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit	Cost

Custodial Credit Risk – the City has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does have a formal investment policy that limits investment maturities (no more than 397 days) as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the City's investments to this risk, is as follows:

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Type of Investment	Fair Value	Investment Maturities (In Years)
		Less Than 1 Year
Certificates of Deposit	\$ 5,000,000	\$ 5,000,000
U. S. Government Issues	\$ 1,582,518	\$ 1,582,518

Property Tax Receivable, Including Tax Increment Financing - Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2014. Any county collections on the 2014-2015 tax levy remitted to the City within 60 days subsequent to June 30, 2015, are recorded as property tax revenue.

Customer Accounts and Unbilled Usage – Accounts receivable in the Enterprise Funds includes services billed prior to June 30, 2015 and an estimate of services provided through June 30, 2015 but not billed.

Short-Term Interfund Receivables/Payables - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent certain transactions between funds have not been paid or received as of June 30, 2015, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively in the fund financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Restricted Assets – Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items.

Capital Assets - Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$5,000 for general capital assets and \$25,000 for infrastructure assets and estimated useful lives in excess of one year. Depreciation expense is calculated using the straight-line method over the following useful lives:

Buildings	39 – 150 Years
Utility Plant	25 – 90 Years
Machinery & Equipment	3 - 30 Years
Infrastructure	20– 100 Years
Land Improvements	50– 100 Years

Deferred Outflows of Resources –Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and sick-leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statement. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

Long-term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund balances - In each of the City's governmental funds (general fund, special revenue funds, capital projects funds, and debt service funds) are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.
- *Assigned fund balance* – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance* – amounts that are available for any purpose; these amounts can be reported only in the City's General Fund.

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

restricted amounts to have been spent. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amounts budgeted in the Community and Economic Development function.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2015, were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Deposits at June 30, 2015, are shown below:

	Primary Government	Fiduciary Funds	Webster City Airport Commission Component Unit	Fuller Trust Component Unit	Fair Value
Demand Deposits	\$ 17,047,850	\$ 36,020	\$ 305,858	\$ 33,240	\$17,422,968
Cash on Hand	1,000	-	-	-	1,000
Time Deposits	5,000,000	-	-	-	5,000,000
	\$ 22,048,850	\$ 36,020	\$ 305,858	\$ 33,240	\$22,423,968

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)

Fuller Trust – Discretely Presented Component Unit:

Custodial Credit Risk: This is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Fuller Trust funds do not have custodial credit risk policies for investments.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Fuller Trust does not have a formal investment policy that limits investment maturities (no more than 397 days) as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the Fuller Trust's investments to this risk is as follows:

Type of Investment	Fair Value	Less Than 1 Year
Mutual Funds	\$ 3,003,219	\$ 3,003,219
	<u>\$ 3,003,219</u>	<u>\$ 3,003,219</u>

Note 3 - RECEIVABLES

Receivables at June 30, 2015 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$109,864 at June 30, 2015.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed.

It is the City's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as committed fund balance in the fund financial statements.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2015, amounts due from other governments were as follows:

Due from the Iowa Department of Revenue for Licenses	\$ 2,435
Due from the Iowa Department of Revenue for Hotel/Motel taxes	36,960
Due from the Iowa Department of Revenue for Road Use Tax allocation	82,979
Due from the Iowa Department of Revenue for Local Option Sales taxes	60,391
Total Governmental Funds	<u>\$ 182,765</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2015, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Non-Major Governmental	General Fund	\$ 35,710
Electric	Non-Major Governmental	164,255
Non-Major Governmental	Non-Major Governmental	102,882
General Fund	Non-Major Governmental	645,104
		<u>\$ 947,951</u>

The purpose of the interfund balances is to help finance short-term cash flow shortages of various funds.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,755,709	\$ -	\$ -	\$ 3,755,709
Right of way	786,799	-	-	786,799
Construction in progress	113,376	423,615	191,182	345,809
Total capital assets not being depreciated	4,655,884	423,615	191,182	4,888,317
Capital assets being depreciated:				
Land improvements	2,233,981	-	-	2,233,981
Structures and improvements	7,557,581	191,182	-	7,748,763
Machinery and equipment	4,499,597	260,358	161,857	4,598,098
Streets	22,771,507	-	-	22,771,507
Trails and paths	1,913,927	-	-	1,913,927
Sidewalks	521,328	-	-	521,328
Storm sewers	1,089,554	-	-	1,089,554
Bridges	2,111,463	-	-	2,111,463
Dam	200,000	-	-	200,000
Traffic signals	183,657	-	-	183,657
Total capital assets being depreciated	43,082,595	451,540	161,857	43,372,278
Less: Accumulated depreciation for				
Land improvements	398,826	45,090	-	443,916
Structures and improvements	3,512,427	181,983	-	3,694,410
Machinery and equipment	2,251,311	212,191	132,501	2,331,001
Streets	11,136,218	424,561	-	11,560,779
Trails and paths	244,125	38,279	-	282,404
Sidewalks	237,842	5,270	-	243,112
Storm sewers	525,735	12,273	-	538,008
Bridges	1,121,313	30,866	-	1,152,179
Dam	100,001	6,667	-	106,668
Traffic signals	139,578	7,346	-	146,924
Total Accumulated Depreciation	19,667,376	964,526	132,501	20,499,401
Capital Assets, Net of Depreciation	23,415,219	(512,986)	29,356	22,872,877
Governmental activities capital assets, net	\$ 28,071,103	\$ (89,371)	\$ 220,538	\$ 27,761,194

Construction in progress is related to street projects and airport improvements.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 6 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 20,623
Public Safety	98,181
Public Works, which includes the depreciation of infrastructure	633,863
Culture and Recreation	211,859
	<u>964,526</u>
Total governmental activities - depreciation expense	<u>\$ 964,526</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 524,223	\$ -	\$ -	\$ 524,223
Construction in Progress	649,554	1,645,967	396,815	1,898,706
Total capital assets not being depreciated	<u>1,173,777</u>	<u>1,645,967</u>	<u>396,815</u>	<u>2,422,929</u>
Capital assets being depreciated:				
Buildings and improvements	4,919,445	-	-	4,919,445
Machinery and equipment	5,936,210	131,681	36,102	6,031,789
Utility Plant	60,559,287	5,635,507	50,850	66,143,944
Total capital assets being depreciated	<u>71,414,942</u>	<u>5,767,188</u>	<u>86,952</u>	<u>77,095,178</u>
Less: Accumulated Depreciation	<u>41,951,100</u>	<u>1,287,193</u>	<u>72,214</u>	<u>43,166,079</u>
Total capital assets being depreciated, net	<u>29,463,842</u>	<u>4,479,995</u>	<u>14,738</u>	<u>33,929,099</u>
Business-type activities capital assets, net	<u>\$30,637,619</u>	<u>\$ 6,125,962</u>	<u>\$ 411,553</u>	<u>\$36,352,028</u>

Construction in progress at June 30, 2015 consisted of costs associated with the water, wastewater and electric system improvements.

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-Type Activities:	
Water	\$ 322,429
Sewer	306,826
Electric	657,938
	<u>1,287,193</u>
Total depreciation expense -- business-type activities	<u>\$ 1,287,193</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 6 - CAPITAL ASSETS – (Continued)

A summary of changes in capital assets for the discretely presented component unit is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit:				
Capital assets being depreciated:				
Buildings	\$ 42,000	\$ -	\$ 42,000	\$ -
Total capital assets being depreciated	42,000	-	42,000	-
Less: Accumulated Depreciation	12,180	-	12,180	-
Total capital assets being depreciated, net	\$ 29,820	\$ -	\$ 29,820	\$ -

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 4,542,508	\$ 524,223
Construction in Progress	345,809	1,898,706
Capital Assets (net of accumulated depreciation)	22,872,877	33,929,099
Less: General Obligation Bonds Payable	(1,308,335)	-
Revenue Bonds	(1,958,757)	(16,713,139)
Net Investment in Capital Assets	\$ 24,494,102	\$ 19,638,889

Note 7 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 7 - LONG-TERM DEBT (Continued)

General obligation bonds outstanding as of June 30, 2015 are as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 6/30/15</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Debt						
Corporate purpose bonds	11/01/11	06/01/18	1.75%	\$ 645,000	\$ 295,000	\$ 90,000
Corporate purpose bonds	03/01/06	06/01/16	3.25 – 3.95%	1,280,000	155,000	155,000
Corporate purpose bonds	11/01/08	06/01/17	1.20 – 3.05%	1,330,000	175,000	85,000
Corporate purpose bonds	11/01/10	06/01/20	2.00 – 2.90%	1,290,000	670,000	130,000
Total Governmental Activities – General Obligation Debt					\$ 1,295,000	\$ 460,000

The balances shown on the Statement of Net Position is net of unamortized bond premiums of \$13,335.

Advance Refunding

On November 1, 2008, the City issued \$1,695,000 of General Obligation Bonds, Series 2009, with an average interest rate of 2.125%. The bonds consist of serial bonds bearing various fixed rates ranging from 1.2% to 3.05% with annual maturities from June 2010 through June 2017. The net proceeds of \$1,655,275 (after issuance costs of \$39,725) were used to advance refund various series of bonds with a total principal amount of \$1,695,000 and an average interest rate of 4.02%. The advance refunding was done in order to reduce debt payments in the short-term. The refunding decreased the City's total debt service payments by approximately \$101,000.

On November 1, 2011, the City issued \$645,000 of General Obligation Bonds, Series 2011A, with an interest rate of 1.75%. The bonds consist of serial bonds with annual maturities from June 2012 through June 2018. The net proceeds of \$628,270 were used to advance refund Series 2003A General Obligation Bond with a total principal amount of \$625,000 and an average interest rate of approximately 3%. The advance refunding was done in order to reduce debt payments in the short-term. The refunding decreased the City's total debt service payments by approximately \$33,000.

Debt service requirements to maturity are as follows:

	Governmental Activities	
Years	Principal	Interest
2016	\$ 460,000	\$ 33,295
2017	320,000	20,407
2018	240,000	12,985
2019	140,000	4,060
2020	135,000	7,773
Total	<u>\$ 1,295,000</u>	<u>\$ 78,520</u>

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. These funds have been expended on construction of the water treatment and wastewater treatment facilities.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 7 - LONG-TERM DEBT (Continued)

Revenue bonds outstanding at June 30, 2015 are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/15	Due Within One Year
Governmental Activities						
Revenue Debt:						
Community Center revenue note	07/01/02	07/01/42	Variable	\$ 2,600,000	\$ 1,958,757	\$ -
Business-Type Activities						
Revenue Debt:						
<u>Sewer Utility</u> Revenue bonds	02/07/00	06/01/20	3.92%	3,900,000	1,271,000	235,000
<u>Water Utility</u> Revenue Bonds	06/01/12	06/01/32	0.60 – 3.25%	3,200,000	2,785,000	140,000
<u>Electric Utility</u> Revenue Bonds	05/01/12	11/01/37	2.25 – 5.65%	\$ 14,915,000	14,225,019	420,000
Total Business Type Activities					\$18,281,019	\$ 795,000

The balances shown on the Statement of Net Position is net of unamortized premiums of \$14,638.

Debt service requirements to maturity are as follows:

Business-type Activities Revenue Debt			
Years	Principal	Interest	Total
2016	\$ 795,000	\$ 826,457	\$ 1,621,457
2017	814,000	808,697	1,622,697
2018	839,000	789,883	1,628,883
2019	859,000	768,278	1,627,278
2020	884,000	743,268	1,627,268
2021-2025	3,400,000	3,346,883	6,746,883
2026-2030	4,185,000	2,556,796	6,741,796
2031-2035	4,695,000	1,423,074	6,118,074
2036-2040	1,810,019	189,900	1,999,919
	<u>\$18,281,019</u>	<u>\$11,453,236</u>	<u>\$29,734,255</u>

A repayment schedule has not been established for the community center revenue note as of June 30, 2015.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 7 - LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 1,805,000	\$ -	\$ 510,000	\$ 1,295,000	\$ 460,000
Revenue Bonds	2,001,445	-	42,688	1,958,757	-
Compensated Absences	252,431	288,923	252,431	288,923	146,748
Other Post Employment Benefits	41,704	-	2,903	38,801	-
Net Pension Liability	2,574,440	-	886,282	1,688,158	-
 Governmental Activity Long-Term Liabilities	 \$ 6,675,020	 \$ 288,923	 \$ 1,694,304	 \$ 5,269,639	 \$ 606,748
 Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$19,283,686	\$ -	\$ 1,002,667	\$ 18,281,019	\$ 795,000
Compensated Absences	209,848	197,833	209,848	197,833	100,765
Other Post Employment Benefits	16,682	14,203	-	30,885	-
Net Pension	1,394,344	-	442,275	952,069	-
 Business-Type Activity Long-Term Liabilities	 \$20,904,560	 \$ 212,036	 \$ 1,654,790	 \$ 19,461,806	 \$ 895,765

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	Non Major Governmental	Total Transfer Out
Electric	\$ 505,774	\$ -	\$ 505,774
Water	95,269	-	95,269
Sewer	87,644	-	87,644
Non-Major	86,985	1,123,993	1,210,978
Total Transfer In	\$ 775,672	\$ 1,123,993	\$ 1,899,665

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN

Plan description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.80 percent.

The City's total contributions to IPERS for the year ended June 30, 2015 were \$225,874.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a liability of \$1,509,549 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's collective proportion was .038 percent, which was a decrease of .001633 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of (\$129,885). At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,444	\$ 316
Changes of assumptions	66,775	8
Net difference between projected and actual earnings on pension plan investments	-	580,482
Changes in proportion and differences between City contributions and proportionate share of contributions	(75,261)	-
City contributions subsequent to the measurement date	225,874	-
Total	\$ 233,832	\$ 580,806

\$225,874 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (143,342)
2017	(143,342)
2018	(143,342)
2019	(143,342)
2020	520
	\$ (572,848)

Actuarial assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2014)	3.00 percent per annum
Salary Increases (effective June 30, 2014)	4.00 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 2014)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

Mortality rates were based on the RP-2000 Generational Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	2.3%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.5 percent) than the current rate.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net Pension liability	\$ 2,862,572	\$ 1,509,549	\$ 367,469

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

Payables to the pension plan

At June 30, 2015, the City reported payables to the defined benefit pension plan of \$10,758 for legally required employer contributions and \$7,788 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of Webster City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Additional benefits are available to members who perform more than 22 years of service (2 percent for each additional year of service, up to a maximum of 8 years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2015.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 30.41% for the year ended June 30, 2015.

The City's contributions to MFPRSI for the year ended June 30, 2015 was \$224,300.

If approved by the state legislature, state appropriation may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67).

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2014.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$1,130,678 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2014, the City's proportion was .00311% which was a decrease of .00006% from its proportions measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of (\$135,828). At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,200
Changes of assumptions	83,568	-
Net difference between projected and actual earnings on pension plan investments	-	531,500
Changes in proportion and differences between City contributions and proportionate share of contributions	(24,732)	-
City contributions subsequent to the measurement date	224,300	-
Total	<u>\$ 283,136</u>	<u>\$ 534,700</u>

\$224,300 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (120,780)
2017	(120,780)
2018	(120,780)
2019	(120,780)
2020	7,256
	<u>\$ (475,864)</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

Actuarial Assumptions The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00 percent
Salary increases	4.50 to 15.11 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Mortality rates were based weighting equal to 2/12 of the 1971 GAM table and 10/12 of the 1994 GAM table with no projection of future mortality improvement.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Plus Fixed Income		3.8%
	7.0%	
Emerging Markets Debt	3.0	6.5
Domestic Equities	12.5	6.0
Master Limited Partnerships (MLP)	5.0	8.5
International Equities	12.5	7.0
Core Investments		
	40.0%	
Tactical Asset Allocation	35.0	6.0
Private Equity	15.0	9.8
Private Non-Core Real Estate	5.0	9.3
Private Core Real Estate	5.0	6.8
Real Estate	10.0	
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

- The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net Pension liability	\$2,167,981	\$1,130,678	\$268,769

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

Payables to the Pension Plan – At June 30, 2015, Webster City reported payables to the defined benefit pension plan of \$9,914 for legally required employer contributions and \$3,356 for legally required employer contributions which had been withheld from employee wages but not yet remitted to MFPRSI

Employee Vision and Dental Plan – The City of Webster City Medical/Flex Insurance Fund was established to account for the City's medical and flex benefit plan. The City has entered into an administrative services agreements with Employee Benefits System, to administer the employee dental and vision benefit plans. The agreements are subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the City of Webster City Medical/Flex Insurance Fund are recorded as disbursements in the operating funds. Under an administrative services agreement, monthly payments of service fees and claims processed were paid to Wellmark Blue Cross and Blue Shield from the Internal Service Fund, Medical/Flex Insurance Account.

For vision claims, the claims are limited to specified services outlined in the vision plan and the uninsured risk of loss is minimal per employee. For dental claims, the uninsured risk of loss is \$1,000 for a policy year per employee. The City has not purchased additional commercial insurance since claims are limited to the amounts specified in the plan.

All funds of the City participate in the vision and dental plan. Amounts payable to the medical/flex insurance fund are based on actual claims incurred in prior years.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 9- PENSION PLAN (Continued)

Claims Liability

	Prior Year	Current Year
Unpaid claims, beginning of fiscal year	\$ 6,527	\$ 13,000
Current year claims and changes in estimates	59,105	115,334
Claim payments	(52,632)	(114,334)
Unpaid claims, end of fiscal year	<u>\$ 13,000</u>	<u>\$ 14,000</u>

Note 10 - DEFICIT FUND EQUITY

The City has nine funds with deficit equity balances at June 30, 2015. The City intends to finance these deficits from various resources including; TIF Receipts, fund transfers, and note payments.

The individual fund deficits were as follows:

Nonmajor -- Second Street Reconstruction	\$ 627,127
Nonmajor -- Urban Renewal Southeast TIF	25,660
Nonmajor -- Urban Renewal Southwest TIF	164,254
Nonmajor -- City Hall Plaza	155
Nonmajor -- Webster City Federal TIF	1,528
Nonmajor -- Van Diest TIF	2,500
Nonmajor -- Fareway TIF	174
Nonmajor -- Bridge Project	557
Nonmajor -- East Second Street.....	1,142

Note 11- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks, with the exception of vision and dental care, are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Note 12- COMMITMENTS

During the year ended June 30, 2015, the City had entered into several construction contracts totaling approximately \$1,341,648 of which approximately \$427,941 has been expended to date. The remaining balance will be paid as work progresses.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 13 - CONTINGENCY

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of the management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City of Webster City has entered into several development agreements with developers.

The developers are constructing industrial/commercial facilities on property located in the City. Chapter 403 of the Code of Iowa authorizes cities to establish urban renewal areas and to undertake economic development projects. In recognition of the developers' commitment, the City agreed to make economic tax rebate payments to the developer during the term of the agreements in amounts which represent the property taxes paid with respect to the project by the developers in that fiscal year, minus the amount of debt service taxes levied by taxing jurisdictions, provided, however, that the total rebate payments during the term of the agreement do not exceed the maximum amounts listed.

The agreement assumes that the full taxable value of the project will go on the property tax rolls as of the dates listed below. All tax rebate payments will be made on December 1, and June 1 beginning the year after the initial incremental taxable value is placed on the property tax roll. The tax rebate payments shall not constitute general obligation of the City, but shall be paid solely and only from incremental property taxes received by the City from the Hamilton County Treasurer which are attributable to each individual project.

The tax rebate payments to the developer are subject to the following conditions:

1. Timely payment of property taxes by the developer when due and submission to the City of a receipt or cancelled check as evidence of each tax payment. Residential developers are not required to submit receipts.
2. Submission of documentation satisfactory to the City, at least one week prior to each December 1 and June 1 payment date, that that project is being used as a commercial facility.

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 60 active and 1 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark Blue Cross and Blue Shield. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 18,210
Interest on net OPEB obligation	16
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	18,226
Contributions made	<u>6,926</u>
Increase in net OPEB obligation	11,300
Net OPEB obligation beginning of year	<u>58,386</u>
Net OPEB obligation end of year	<u>\$ 69,686</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 14,260	100%	\$ 58,386
June 30, 2014	\$ 14,260	100%	\$ 58,386
June 30, 2015	\$ 18,226	38.0%	\$ 69,686

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$139,754, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$139,754. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,965,156 and the ratio of the UAAL to covered payroll was 4.7%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% discount rate based on the City's funding policy. The projected annual medical trend rate is 9.5%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate rate.

Mortality rates are from the SOA RPH-2014 Total Dataset Headcount – Weighted Mortality With Scale MP-2014. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2014 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2014.

Note 15 - ACCOUNTING CHANGE / RESTATEMENT

Governmental Accounting Standards Board of Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The revised requirements established new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2015

Note 15 - ACCOUNTING CHANGE / RESTATEMENT (Continued)

	Governmental Activities	Water	Business Type Activities		Total
			Sewer	Electric	
Net position June 30, 2014, as previously reported	\$ 31,041,829	\$10,965,813	\$5,918,856	\$18,625,167	\$35,509,836
Net pension liability at June 30, 2014	(2,574,440)	(341,450)	(303,331)	(749,563)	(1,394,344)
Change in outflows of resources Related to contributions made after the June 30, 2013 measurement date.	322,783	34,657	30,787	76,079	141,523
Net position July 1, 2014, as restated	\$ 28,790,172	\$10,659,020	\$5,646,312	\$17,951,683	\$34,257,015

CITY OF WEBSTER CITY, IOWA

**BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES - BUDGET AND ACTUAL (CASH BASIS) -**

Governmental Funds and Proprietary Funds

For the Year Ended June 30, 2015

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Taxes	\$ 3,761,276	\$ -
Special Assessments	-	-
Licenses and Permits	106,131	-
Intergovernmental Revenue	1,947,661	-
Charges for Services	475,268	15,222,746
Revenue from Use of Property	256,874	95,176
Miscellaneous	409,322	117,627
Total receipts	<u>6,956,532</u>	<u>15,435,549</u>
Disbursements:		
Public Safety	1,993,358	-
Public Works	1,381,589	-
Health and Social Services	50,230	-
Culture and Recreation	930,112	-
Community and Economic Development	501,300	-
General Government	207,947	-
Capital Projects	678,823	-
Debt Service	257,309	-
Business-Type Activities	-	15,620,118
Total disbursements	<u>6,000,668</u>	<u>15,620,118</u>
Excess (deficiency) of receipts over disbursements	<u>955,864</u>	<u>(184,569)</u>
Other financing sources (uses):		
Transfers In	1,899,665	
Transfers Out	(1,210,978)	(688,687)
Total other financing sources (uses)	<u>688,687</u>	<u>(688,687)</u>
Net Change in Balances	1,644,551	(873,256)
Balances - beginning of year	6,597,784	16,037,601
Balances - end of year	<u>\$ 8,242,335</u>	<u>\$ 15,164,345</u>

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 3,761,276	\$ 3,728,363	\$ 3,673,363	\$ 87,913
-	1,500	1,500	(1,500)
106,131	91,687	91,687	14,444
1,947,661	1,571,825	1,571,825	375,836
15,698,014	15,429,682	14,191,682	1,506,332
352,050	326,513	326,513	25,537
526,949	1,512,322	1,512,322	(985,373)
<u>22,392,081</u>	<u>22,661,892</u>	<u>21,368,892</u>	<u>1,023,189</u>
1,993,358	2,296,282	2,296,282	302,924
1,381,589	1,486,035	1,486,035	104,446
50,230	65,135	65,135	14,905
930,112	1,035,379	1,035,379	105,267
501,300	374,463	374,463	(126,837)
207,947	345,615	345,615	137,668
678,823	1,839,035	1,839,035	1,160,212
257,309	752,779	752,779	495,470
15,620,118	16,052,840	16,052,840	432,722
<u>21,620,786</u>	<u>24,247,563</u>	<u>24,247,563</u>	<u>2,626,777</u>
771,295	(1,585,671)	(2,878,671)	3,649,966
1,899,665	4,318,718	4,318,718	(2,419,053)
<u>(1,899,665)</u>	<u>(4,318,718)</u>	<u>(4,346,630)</u>	<u>2,446,965</u>
-	-	(27,912)	27,912
771,295	(1,585,671)	(2,906,583)	3,677,878
22,635,385	22,635,385	22,635,385	-
<u>\$ 23,406,680</u>	<u>\$ 21,049,714</u>	<u>\$ 19,728,802</u>	<u>\$ 3,677,878</u>

CITY OF WEBSTER CITY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2015

	Cash Basis	Accrual Adjustments	Modified/Full Accrual Basis
Revenue:			
Taxes	\$ 3,761,276	\$ 82,784	\$ 3,844,060
Licenses and Permits	106,131	2,071	108,202
Intergovernmental Revenue	1,947,661	(205,961)	1,741,700
Charges for Services	15,698,014	(89,583)	15,608,431
Fines and Forfeits	-	9,420	9,420
Contributions	-	15,459	15,459
Refunds/Reimbursements	-	186,592	186,592
Revenue from Use of Property	352,050	(182,792)	169,258
Interest on Investments	-	131,133	131,133
Miscellaneous	526,949	(199,236)	327,713
Total Revenue	<u>22,392,081</u>	<u>(250,113)</u>	<u>22,141,968</u>
Expenditures/Expenses:			
Public Safety	1,993,358	(53,381)	1,939,977
Public Works	1,381,589	(159,810)	1,221,779
Health and Social Services	50,230	(14,481)	35,749
Culture and Recreation	930,112	140,078	1,070,190
Community and Economic Development	501,300	(158,246)	343,054
General Government	207,947	13,074	221,021
Capital Projects	678,823	(125,940)	552,883
Debt Service	257,309	421,514	678,823
Business-Type Activities	15,620,118	(2,053,808)	13,566,310
Total Expenditures/Expenses	<u>21,620,786</u>	<u>(1,991,000)</u>	<u>19,629,786</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>771,295</u>	<u>1,740,887</u>	<u>2,512,182</u>
Other financing sources (uses):			
Transfers In	1,899,665	-	1,899,665
Transfers Out	<u>(1,899,665)</u>	<u>-</u>	<u>(1,899,665)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	<u>771,295</u>	<u>1,740,887</u>	<u>2,512,182</u>
Fund Balance/Retained Earnings - beginning of year	<u>22,635,385</u>	<u>12,493,413</u>	<u>40,789,573</u>
Fund Balance/Retained Earnings - end of year	<u>\$23,406,680</u>	<u>\$ 14,234,300</u>	<u>\$ 43,301,755</u>

CITY OF WEBSTER CITY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2015

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end. The budget was amended once during the year.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department.

During the fiscal year ended June 30, 2015, disbursements exceeded the amounts budgeted in the community and economic development function.

CITY OF WEBSTER CITY, IOWA
Schedule of Funding Progress for the
Retiree Health Plan

Required Supplementary Information						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Approximate Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2009	-	\$ 154,918	\$ 154,918	0.00%	\$2,925,000	5.2%
July 1, 2009	-	\$ 154,918	\$ 154,918	0.00%	\$2,925,000	5.2%
July 1, 2009	-	\$ 154,918	\$ 154,918	0.00%	\$3,367,000	4.6%
July 1, 2012	-	\$ 144,336	\$ 144,336	0.00%	\$2,530,000	5.7%
July 1, 2012	-	\$ 144,336	\$ 144,336	0.00%	\$2,530,000	5.7%
July 1, 2012	-	\$ 144,336	\$ 144,336	0.00%	\$2,530,000	5.7%
July 1, 2014	-	\$ 139,754	\$ 139,754	0.00%	\$2,965,156	4.7%

See Note 14 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

CITY OF WEBSTER CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

	2015
City's proportion of the net pension liability	0.03806%
City's proportionate share of the net pension liability	\$ 1,509
City's covered-employee payroll	\$ 2,559
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	58.97%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF WEBSTER CITY, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 230	\$ 225	\$ 220	\$ 204	\$ 179
Contributions in relation to the statutorily required contribution	(230)	(224)	(220)	(204)	\$ (179)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$2,559	\$2,553	\$2,567	\$2,567	\$2,603
Contributions as a percentage of covered-employee payroll	8.98%	8.77%	8.58%	7.94%	6.88%

	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 169	\$ 156	\$ 141	\$ 130	\$ 128
Contributions in relation to the statutorily required contribution	(169)	(156)	(141)	(131)	(128)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$2,504	\$2,441	\$2,286	\$ 2,207	\$2,198
Contributions as a percentage of covered-employee payroll	6.75%	6.40%	6.17%	5.92%	5.83%

See accompanying independent auditors' report

**CITY OF WEBSTER CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015**

Changes of Benefit Terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

**CITY OF WEBSTER CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015**

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

CITY OF WEBSTER CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FISCAL YEAR*
REQUIRED SUPPLEMENTARY INFORMATION

	2015
City's proportion of the net pension liability	.00311%
City's proportionate share of the net pension liability	\$ 1,130,677
City's covered-employee payroll	\$ 737,586
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	153.29%
Plan fiduciary net position as a percentage of the total pension liability	86.27%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF WEBSTER CITY, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST 10 FISCAL YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION**

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 224	\$ 240	\$ 208	\$ 197	\$ 159
Contributions in relation to the statutorily required contribution	(224)	(240)	(208)	(197)	(159)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 737	\$ 797	\$ 796	\$ 796	\$ 799
Contributions as a percentage of covered-employee payroll	30.41%	30.12%	26.12%	24.76%	19.90%
	2010	2009	2008	2007	2006
Statutorily required contribution	\$ 137	\$ 144	\$ 195	\$ 206	\$ 219
Contributions in relation to the statutorily required contribution	(137)	(144)	(195)	(206)	(219)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 806	\$ 768	\$ 765	\$ 742	\$ 776
Contributions as a percentage of covered-employee payroll	17.00%	18.75%	25.48%	27.75%	28.21%

CITY OF WEBSTER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Effective July 1, 2014, two additional steps were taken to phase in the 1994 Group Annuity Mortality Table for post-retirement mortality. The two additional steps result in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2015

	Special Revenue Funds				
	FICA/ IPERS	Worker's Compensation	Medical/Flex Insurance	Unemployment Compensation	Road Use Tax
Assets					
Cash and Cash Equivalents	\$ 35,217	\$ 40,296	\$ 80,219	\$ 10,735	\$ 1,122,026
Investments	-	-	-	-	200,000
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	-	-	-	-	-
Taxes	1,005	990	3,398	6	-
Subsequent Year Taxes	189,571	132,751	486,106	4,894	-
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Funds	-	176	-	42	35,710
Due from Other Governmental Agencies	-	-	-	-	82,979
Inventories	-	-	-	-	71,353
Total Assets	225,793	174,213	569,723	15,677	1,512,068
Liabilities					
Accounts Payable	103	2,504	-	-	49,147
Accrued Wages	-	-	-	-	1,052
Other Accrued Expenses	-	-	-	-	65
Due to Other Funds	2,614	-	1,614	-	-
Total Liabilities	2,717	2,504	1,614	-	50,264
Deferred Inflows of Resources					
Unavailable Revenue - Subsequent Year Property Taxes	189,571	132,751	486,106	4,894	-
Unavailable Revenue - Other	-	-	-	-	-
Total Deferred Inflows of Resources	189,571	132,751	486,106	4,894	-
Fund Balances					
Non-Spendable:					
Permanent Fund	-	-	-	-	-
Restricted:					
Specific Tax Levy	33,505	38,958	82,003	10,783	-
Streets	-	-	-	-	1,461,804
Committed:					
Police Activities	-	-	-	-	-
Economic Development Activities	-	-	-	-	-
Community Development Activities	-	-	-	-	-
Assigned:					
Capital Projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	33,505	38,958	82,003	10,783	1,461,804
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 225,793	\$ 174,213	\$ 569,723	\$ 15,677	\$ 1,512,068

Special Revenue Funds								
Police/Fire Retirement	DARE	Seized Property	Police Reserve Fund	Economic Development Loan	WC Comm Rehabilitation Revolving Loan	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview	
\$ 79,042	\$ 248	\$ 1,292	\$ 3,428	\$ 946,022	\$ 121,754	\$ -	\$ -	
-	-	-	-	300,000	-	-	-	
-	-	-	-	1,316	-	-	-	
1,795	-	-	-	-	-	-	-	
237,153	-	-	-	-	-	29,030	12,898	
-	-	-	-	1,385	69	-	-	
-	-	-	-	101,143	19,154	-	-	
376	-	-	-	101,376	912	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
318,366	248	1,292	3,428	1,451,242	141,889	29,030	12,898	
-	-	-	-	25,589	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	912	-	-	-	
-	-	-	-	26,501	-	-	-	
237,153	-	-	-	-	-	29,030	12,898	
324	-	-	-	101,143	19,154	-	-	
237,477	-	-	-	101,143	19,154	29,030	12,898	
-	-	-	-	-	-	-	-	
80,889	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	248	1,292	3,428	-	-	-	-	
-	-	-	-	1,323,598	122,735	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
80,889	248	1,292	3,428	1,323,598	122,735	-	-	
\$ 318,366	\$ 248	\$ 1,292	\$ 3,428	\$ 1,451,242	\$ 141,889	\$ 29,030	\$ 12,898	

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2015

	Special Revenue Funds				
	Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek	SSMID	Urban Renewal TIF Struchen	Urban Renewal TIF West Second
Assets					
Cash and Pooled Investments	\$ 1,174	\$ 64,411	\$ 9,826	\$ -	\$ 44,083
Investments	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Subsequent Year Taxes	53,026	-	8,657	14,267	-
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	54,200	64,411	18,483	14,267	44,083
Liabilities:					
Accounts Payable	-	-	165	-	-
Accrued Wages	-	-	-	-	-
Other Accrued Expenses	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	165	-	-
Deferred Inflows of Resources					
Unavailable Revenue - Subsequent Year Property Taxes	53,026	-	8,657	14,267	-
Unavailable Revenue - Other	-	-	-	-	-
Total Deferred Inflows of Resources	53,026	-	8,657	14,267	-
Fund Balances:					
Non-Spendable:					
Permanent Fund	-	-	-	-	-
Restricted:					
Specific Tax Levy	1,174	64,411	9,661	-	44,083
Streets	-	-	-	-	-
Committed:					
Police Activities	-	-	-	-	-
Economic Development Activities	-	-	-	-	-
Community Development Activities	-	-	-	-	-
Assigned:					
Capital Projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	1,174	64,411	9,661	-	44,083
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 54,200	\$ 64,411	\$ 18,483	\$ 14,267	\$ 44,083

Special Revenue Funds							
Urban Renewal TIF Mitchell Marine	Urban Renewal TIF Southeast	Urban Renewal TIF Southwest	Wilson Brewer Park Depot	Webster City Pride	First State Bank TIF	Infinity TIF	
\$ -	\$ 75,716	\$ -	\$ 5,841	\$ 3,288	\$ 1,076	\$ 47,331	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
4,277	-	62,429	-	-	15,000	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
4,277	75,716	62,429	5,841	3,288	16,076	47,331	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	101,376	164,254	-	-	-	-	
-	101,376	164,254	-	-	-	-	
4,277	-	62,429	-	-	15,000	-	
-	-	-	-	-	-	-	
4,277	-	62,429	-	-	15,000	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	(25,660)	(164,254)	-	-	-	-	
-	(25,660)	(164,254)	5,841	3,288	1,076	47,331	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	(25,660)	(164,254)	5,841	3,288	1,076	47,331	
\$ 4,277	\$ 75,716	\$ 62,429	\$ 5,841	\$ 3,288	\$ 16,076	\$ 47,331	

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2015

	Special Revenue Funds						
	Webster City Federal TIF	Van Diest Medical Center TIF	Urban Renewal TIF Bean	TIF Town & Country	TIF Fareway	TIF Shopko	TIF 3DK
Assets							
Cash and Pooled Investments	\$ -	\$ -	\$ 421	\$ 508	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	4,500	4,500
Taxes	-	-	-	-	-	-	-
Subsequent Year Taxes	-	-	-	15,000	5,500	-	-
Accrued Interest	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total Assets	-	-	421	15,508	5,500	4,500	4,500
Liabilities:							
Accounts Payable	-	-	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-	-
Other Accrued Expenses	-	-	-	-	-	-	-
Due to Other Funds	1,528	2,500	-	-	174	4,500	4,500
Total Liabilities	1,528	2,500	-	-	174	4,500	4,500
Deferred Inflows of Resources							
Unavailable Revenue - Subsequent Year Property Taxes	-	-	-	15,000	5,500	-	-
Unavailable Revenue - Other	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	15,000	5,500	-	-
Fund Balances:							
Non-Spendable:							
Permanent Fund	-	-	-	-	-	-	-
Restricted:							
Specific Tax Levy	-	-	421	-	-	-	-
Streets	-	-	-	-	-	-	-
Committed:							
Police Activities	-	-	-	-	-	-	-
Economic Development Activities	-	-	-	508	-	-	-
Community Development Activities	-	-	-	-	-	-	-
Assigned:							
Capital Projects	-	-	-	-	-	-	-
Unassigned	(1,528)	(2,500)	-	-	(174)	-	-
Total Fund Balances	(1,528)	(2,500)	421	508	(174)	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ -	\$ 421	\$ 15,508	\$ 5,500	\$ 4,500	\$ 4,500

Capital Project Funds						
Brewer Creek Estates	Second Street Reconstruction	Wilson Ave Bridge Improvements	1999 Sidewalk Improvements	Annual Street Maintenance	Bridge Project	East Second Street
\$ 17,342	\$ -	\$ -	\$ 46,704	\$ 963,012	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,342	-	-	46,704	963,012	-	-
-	-	-	-	297,501	557	-
-	-	-	-	-	-	-
-	627,127	-	-	-	-	1,142
-	627,127	-	-	297,501	557	1,142
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,342	-	-	46,704	665,511	-	-
-	(627,127)	-	-	-	(557)	(1,142)
17,342	(627,127)	-	46,704	665,511	(557)	(1,142)
\$ 17,342	\$ -	\$ -	\$ 46,704	\$ 963,012	\$ -	\$ -

CITY OF WEBSTER CITY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 June 30, 2015

	Capital Project Funds			Permanent	Total
	Capital Improvement Reserve	Railroad Crossing Bicentennial	City Hall Plaza	Perpetual Care Fund	Governmental Nonmajor Funds
Assets					
Cash and Pooled Investments	\$ 279,423	\$ 149	\$ -	\$ 421,306	\$ 4,421,890
Investments	-	-	-	-	500,000
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	-	-	-	-	10,316
Taxes	-	-	-	-	7,194
Subsequent Year Taxes	-	-	-	-	1,270,559
Accrued Interest	2,119	-	-	-	3,573
Notes Receivable	-	-	-	-	120,297
Due from Other Funds	-	-	-	-	138,592
Due from Other Governmental Agencies	60,391	-	-	-	143,370
Inventories	-	-	-	-	71,353
Total Assets	341,933	149	-	421,306	6,687,144
Liabilities:					
Accounts Payable	-	-	155	-	375,721
Accrued Wages	-	-	-	-	1,052
Other Accrued Expenses	-	-	-	-	65
Due to Other Funds	-	-	-	-	912,241
	-	-	155	-	1,289,079
Deferred Inflows of Resources					
Unavailable Revenue - Subsequent Year Property Taxes	-	-	-	-	1,270,559
Deferred Revenue	-	-	-	-	120,621
Total Deferred Inflows of Resources	-	-	-	-	1,391,180
Fund Balances:					
Non-Spendable:					
Permanent Fund	-	-	-	421,306	421,306
Restricted:					
Specific Tax Levy	-	-	-	-	365,888
Streets	341,933	-	-	-	1,803,737
Committed:					
Streets	-	-	-	-	4,968
Streets	-	-	-	-	1,495,248
Streets	-	-	-	-	9,129
Assigned:					
Capital Projects	-	149	-	-	729,706
Unassigned	-	-	(155)	-	(823,097)
Total Fund Balances	341,933	149	(155)	421,306	4,006,885
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 341,933	\$ 149	\$ -	\$ 421,306	\$ 6,687,144

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2015

	Special Revenue Funds				
	FICA/ IPERS	Worker's Compensation	Medical/Flex Insurance	Unemployment Compensation	Road Use Tax
Revenue:					
Taxes	\$ 145,491	\$ 142,419	\$ 455,535	\$ 826	\$ -
Intergovernmental Revenue	3,157	3,111	10,676	29	881,027
Contributions	-	-	-	-	-
Refunds/Reimbursements	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	7,990	-	-	-
Total Revenue	148,648	153,520	466,211	855	881,027
Expenditures:					
Public Safety	47,104	107,838	225,762	4,243	-
Public Works	47,622	16,339	89,404	1,289	479,123
Culture and Recreation	64,303	14,745	74,549	1,847	-
Community and Economic Development	-	-	-	-	-
General Government	26,239	865	45,750	630	-
Capital Projects	-	-	-	-	-
Total Expenditures	185,268	139,787	435,465	8,009	479,123
Excess (deficiency) of revenues over expenditures	(36,620)	13,733	30,746	(7,154)	401,904
Other financing sources (uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	(74,191)
Total other financing sources (uses)	-	-	-	-	(74,191)
Net Change in Fund Balance	(36,620)	13,733	30,746	(7,154)	327,713
Fund balances (deficits) -beginning of year	70,125	25,225	51,257	17,937	1,134,091
Fund balances (deficits) - end of year	\$ 33,505	\$ 38,958	\$ 82,003	\$ 10,783	\$ 1,461,804

Special Revenue Funds								
Police/Fire Retirement	DARE	Seized Property	Police Reserve Fund	Economic Development Loan	WC Comm Rehabilitation Revolving Loan	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview	
\$ 291,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,365	\$ 13,201	
5,640	-	-	-	-	-	-	-	
-	1,500	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
135	-	-	9	5,997	755	-	-	
-	-	91	-	31,904	7,697	-	-	
297,615	1,500	91	9	37,901	8,452	28,365	13,201	
225,236	1,252	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	59,651	-	18,630	-	
-	-	-	-	-	-	-	-	
225,236	1,252	-	-	59,651	-	18,630	-	
72,379	248	91	9	(21,750)	8,452	9,735	13,201	
-	-	-	-	31,053	-	-	-	
-	-	-	-	-	-	(9,735)	(13,201)	
-	-	-	-	31,053	-	(9,735)	(13,201)	
72,379	248	91	9	9,303	8,452	-	-	
8,510	-	1,201	3,419	1,314,295	114,283	-	-	
\$ 80,889	\$ 248	\$ 1,292	\$ 3,428	\$ 1,323,598	\$ 122,735	\$ -	\$ -	

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2015

	Special Revenue Funds				
	Urban Renewal	Urban Renewal		Urban Renewal	Urban Renewal
	TIF Hy-Vee	TIF Brewer Creek	SSMID	TIF Struchen	TIF West Second
Revenue:					
Taxes	\$ 49,463	\$ -	\$ 9,174	\$ 61,230	\$ -
Intergovernmental Revenue	-	-	576	-	-
Contributions	-	-	-	-	-
Refunds/Reimbursements	-	-	-	-	-
Interest	-	192	-	-	129
Miscellaneous	-	-	275	-	-
Total Revenue	49,463	192	10,025	61,230	129
Expenditures:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Community and Economic Development	48,289	-	8,018	39,912	-
General Government	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Expenditures	48,289	-	8,018	39,912	-
Excess (deficiency) of revenues over expenditures	1,174	192	2,007	21,318	129
Other financing sources (uses):					
Transfers In	-	-	519	-	-
Transfers Out	-	-	-	(21,318)	-
Total other financing sources (uses)	-	-	519	(21,318)	-
Net Change in Fund Balance	1,174	192	2,526	-	129
Fund balances (deficits) -beginning of year	-	64,219	7,135	-	43,954
Fund balances (deficits) - end of year	\$ 1,174	\$ 64,411	\$ 9,661	\$ -	\$ 44,083

Special Revenue Funds							
Urban Renewal TIF Mitchell Marine	Urban Renewal TIF Southeast	Urban Renewal TIF Southwest	Wilson Brewer Park Depot	Webster City Pride	First State Bank TIF	Infinity TIF	
\$ 4,392	\$ -	\$ 61,958	\$ -	\$ -	\$ 16,076	\$ 32,386	
-	-	-	1,275	828	-	-	
-	231	-	15	-	-	39	
-	-	-	-	2,000	-	-	
4,392	231	61,958	1,290	2,828	16,076	32,425	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
4,392	-	-	500	6,024	15,000	858	
-	-	-	-	-	-	-	
4,392	-	-	500	6,024	15,000	858	
-	231	61,958	790	(3,196)	1,076	31,567	
-	-	-	-	-	-	-	
-	-	-	(25,107)	-	-	-	
-	-	-	(25,107)	-	-	-	
-	231	61,958	(24,317)	(3,196)	1,076	31,567	
-	(25,891)	(226,212)	30,158	6,484	-	15,764	
\$ -	\$ (25,660)	\$ (164,254)	\$ 5,841	\$ 3,288	\$ 1,076	\$ 47,331	

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
June 30, 2015

	Special Revenue Funds						
	Webster City Federal TIF	Van Diest Medical Center TIF	Urban Renewal TIF Bean	TIF Town & Country	TIF Fareway	TIF Shopko	TIF 3DK
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ 15,426	\$ 3,615	\$ -	\$ -
Intergovernmental Revenue	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Refunds/Reimbursements	-	-	-	-	-	4,500	4,500
Interest	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenue	-	-	-	15,426	3,615	4,500	4,500
Expenditures:							
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Community and Economic Development	-	-	-	14,918	3,789	4,500	4,500
General Government	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Total Expenditures	-	-	-	14,918	3,789	4,500	4,500
Excess (deficiency) of revenues over expenditures	-	-	-	508	(174)	-	-
Other financing sources (uses):							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net Change in Fund Balance	-	-	-	508	(174)	-	-
Fund balances (deficits) -beginning of year	(1,528)	(2,500)	421	-	-	-	-
Fund balances (deficits) - end of year	\$ (1,528)	\$ (2,500)	\$ 421	\$ 508	\$ (174)	\$ -	\$ -

Capital Project Funds						
Brewer Creek Estates	Second Street Reconstruction	Wilson Ave Bridge Improvements	1999 Sidewalk Improvements	Annual Street Maintenance	Bridge Project	East Second Street
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
59	-	-	-	-	-	-
-	-	-	-	-	-	-
59	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,066	-	143,098	-	401,915	1,862	1,142
5,066	-	143,098	-	401,915	1,862	1,142
(5,007)	-	(143,098)	-	(401,915)	(1,862)	(1,142)
-	12,682	11,208	-	1,067,426	1,105	-
-	-	-	-	-	-	-
-	12,682	11,208	-	1,067,426	1,105	-
(5,007)	12,682	(131,890)	-	665,511	(557)	(1,142)
22,349	(639,809)	131,890	46,704	-	-	-
\$ 17,342	\$ (627,127)	\$ -	\$ 46,704	\$ 665,511	\$ (557)	\$ (1,142)

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2015

	Capital Project Funds			Permanent	Total
	Capital Improvement Reserve	Railroad Crossing Bicentennial	City Hall Plaza	Perpetual Care Fund	Governmental Nonmajor Funds
Revenue:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,331,397
Intergovernmental Revenue	748,791	-	-	-	1,653,007
Contributions	-	-	-	-	3,603
Refunds/Reimbursements	-	-	-	-	9,000
Interest	1,811	-	-	-	9,372
Miscellaneous	10,296	-	-	4,378	64,631
Total Revenue	760,898	-	-	4,378	3,071,010
Expenditures:					
Public Safety	-	-	-	-	611,435
Public Works	-	-	-	-	633,777
Culture and Recreation	-	-	-	-	155,444
Community and Economic Development	-	-	-	-	228,981
General Government	-	-	-	-	73,484
Capital Projects	-	-	-	-	552,883
Total Expenditures	-	-	-	-	2,256,004
Excess (deficiency) of revenues over expenditures	760,898	-	-	4,378	815,006
Other financing sources (uses):					
Transfers In	-	-	-	-	1,123,993
Transfers Out	(1,067,426)	-	-	-	(1,210,978)
Total other financing sources (uses)	(1,067,426)	-	-	-	(86,985)
Net Change in Fund Balance	(306,528)	-	-	4,378	728,021
Fund balances (deficits) -beginning of year	648,461	149	(155)	416,928	3,278,864
Fund balances (deficits) - end of year	\$ 341,933	\$ 149	\$ (155)	\$ 421,306	\$ 4,006,885

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 Fiduciary Funds
 June 30, 2015

	Trust Funds					
	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Silvers Trust	Mulberry Church Trust	Totals
ASSETS						
Cash and Cash Equivalents	\$ 1,757	\$ 2,045	\$ 5,016	\$ 3,038	\$ 24,164	\$ 36,020
Total Assets	1,757	2,045	5,016	3,038	24,164	36,020
LIABILITIES	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
NET POSITION						
Unrestricted	1,757	2,045	5,016	3,038	24,164	36,020
Total Net Position	<u>\$ 1,757</u>	<u>\$ 2,045</u>	<u>\$ 5,016</u>	<u>\$ 3,038</u>	<u>\$ 24,164</u>	<u>\$ 36,020</u>

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 Fiduciary Funds
 For the Year Ended June 30, 2015

	Trust Funds					
	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Sillers Trust	Mulberry Church Trust	Totals
Additions						
Interest Income	\$ 5	\$ 4	\$ 13	\$ 8	\$ 30	\$ 60
Miscellaneous	-	-	-	-	10,711	10,711
Total Additions	<u>5</u>	<u>4</u>	<u>13</u>	<u>8</u>	<u>10,741</u>	<u>10,771</u>
Deductions						
Culture and Recreation	25	25	-	26	-	76
Changes in Net Position	<u>(20)</u>	<u>(21)</u>	<u>13</u>	<u>(18)</u>	<u>10,741</u>	<u>10,695</u>
Net Position Beginning of Year	<u>1,777</u>	<u>2,066</u>	<u>5,003</u>	<u>3,056</u>	<u>13,423</u>	<u>25,325</u>
Net Position End of Year	<u>\$ 1,757</u>	<u>\$ 2,045</u>	<u>\$ 5,016</u>	<u>\$ 3,038</u>	<u>\$ 24,164</u>	<u>\$ 36,020</u>

CITY OF WEBSTER CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2015

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

2015-001 **Financial Reporting**

Condition and Criteria - The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect - The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause - With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation - We recommend that the City train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials - City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

Part III: Other Findings Related to Statutory Reporting:

III-A-15 - **Certified Budget**

Condition and Criteria - Disbursements during the year ended June 30, 2015, exceeded the amounts budgeted in the Community and Economic Development function.

Effect - The City is not in compliance with Chapter 384.18 of the Code of Iowa.

Cause - The City approved a budget amendment on June 1, 2015. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment. This resulted in the Community and Economic Development function to be overspent.

CITY OF WEBSTER CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2015

Part III: Other Findings Related to Statutory Reporting (Continued):

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – The budget will be amended in the future, if applicable.

III-B-15 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-C-15 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-15 - Business Transactions – Business transactions between the City and City officials are detailed as follows:

Name, Title and Business Connection	Transaction/Description	Amount
Tile Pros, Inc. – Brandon Hayes, Fireman	Contractor	\$20,768

The transaction with Brandon Hayes does not represent a conflict of interest as the majority of these expenditures were competitively bid.

III-E-15 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

III-F-15 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

III-G-15 - Revenue Bonds - No violations of revenue bond resolutions were noted.

III-H-15 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

III-I-15 - Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, Members of the City Council
City of Webster City, Iowa

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF WEBSTER CITY, IOWA, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Webster City, Iowa's basic financial statements, and have issued our report thereon dated December 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Webster City, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Webster City, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Webster City, Iowa's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described as item 2015-001 in the accompanying schedule of findings that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Webster City, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial

instances of noncompliance or other matters that are described in Part III of the accompanying schedule of findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Webster City, Iowa's Response to Findings

The City of Webster City, Iowa's response to findings identified in our audit is described in the accompanying schedule of findings. City of Webster City, Iowa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Webster City, Iowa during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 26, 2015